



Improving City Hall Budgeting Skills and Practices

Oradea, Romania

Background

Cities in Romania follow instructions and guidelines from the Ministry of Finance in organizing and developing their annual budgets. The City of Oradea (population 221,000) was interested in improving the budgeting skills of its staff and the budget document itself to make it a more useful tool in managing the city's financial resources. During 1994–1995, the city developed new practices, and procedures to improve the city's budgeting process and produce a budget that provided more comprehensive information on estimated revenues, expenditures, and trends.

Innovation

Oradea instituted a series of new budget practices and procedures that enabled it to improve and professionalize the budget process; more effectively analyze expenditures and revenues; set budget priorities; and produce a budget document that could better inform citizens, the local council, and city hall staff. The city created a new position (budget analyst) in the Economic Development Department and initiated a budget analysis process. Budget data were computerized so that trends and options could be quickly and efficiently analyzed and the effects of inflation could be considered; previously, all budget data were calculated by hand. The payroll system was also computerized to improve efficiency and keep expenditure records up-to-date. City officials created computerized financial reports to periodically provide up-to-date information on expenditures and revenue as well as a regular budget calendar to let officials know when various budget actions would occur. A process of public budget hearings was established to review the proposed budgets and past expenditure patterns of city departments, and the reporting of data to support departmental expenditure requests was standardized through newly developed budget reporting forms.

Results

Oradea has implemented an improved budgeting process. The budget provides better information to local officials and the public, which allows them to make more informed decisions in determining how anticipated funds should be spent. City departments are required to justify their proposed expenditures and show the extent to which they meet departmental objectives, transforming the budget from an accounting document into a management tool. The Oradea budget has been circulated within Romania and to other countries in CEE and has generated significant interest among cities in creating similar budgets. The budget has been presented to Ministry of Finance officials in Romania and has helped generate a dialogue among local and national officials about how to improve the national budget law.

Summary

- To improve the budgeting skills
- of its staff and to make the
- budget a more useful tool in
- managing the city's financial
- resources, the City of Oradea
- instituted new budget practices
- and procedures. The city hired
- a budget analyst,
- computerized many aspects of
- the budgeting process, estab-
- lished a budget calendar, and
- held budget hearings. Oradea's
- new budget process helps local
- officials and the public make
- more informed decisions about
- the expenditure of funds.

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